General Assembly

Amendment

December Special Session, 2015

LCO No. **9869**

SB01601098 69SRO

Offered by:

SEN. FASANO, 34th Dist.
SEN. BOUCHER, 26th Dist.
SEN. CHAPIN, 30th Dist.
SEN. FORMICA, 20th Dist.
SEN. FRANTZ, 36th Dist.
SEN. GUGLIELMO, 35th Dist.
SEN. HWANG, 28th Dist.
SEN. KANE, 32nd Dist.
SEN. KELLY, 21st Dist.
SEN. KISSEL, 7th Dist.
SEN. LINARES, 33rd Dist.
SEN. MARKLEY, 16th Dist.
SEN. MARTIN, 31st Dist.
SEN. MCLACHLAN, 24th Dist.
SEN. WITKOS, 8th Dist.

To: Senate Bill No. **1601** File No. Cal. No.

"AN ACT MAKING CERTAIN STRUCTURAL CHANGES TO THE STATE BUDGET AND ADJUSTMENTS TO THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2017."

Strike everything after the enacting clause and substitute the following in lieu thereof:

"Section 1. Section 12-711 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to taxable years commencing on or after January 1, 2016*):

(a) The income of a nonresident natural person derived from or connected with sources within this state shall be the sum of the net amount of items of income, gain, loss and deduction entering into his or her Connecticut adjusted gross income for the taxable year, derived from or connected with sources within this state, including: (1) His or her distributive share of partnership income, gain, loss and deduction, determined under section 12-712; (2) his or her pro rata share of S corporation income, gain, loss and deduction, determined under section 12-712; (3) his or her share of estate or trust income, gain, loss and deduction, determined under section 12-714; and (4) his or her compensation from nonqualified deferred compensation plans attributable to services performed within **[**the**]** <u>this</u> state, including, but not limited to, compensation required to be included in federal gross income under Section 457A of the Internal Revenue Code.

(b) (1) Items of income, gain, loss and deduction derived from or connected with sources within this state shall be those items attributable to: (A) The ownership or disposition of any interest in real property in this state or tangible personal property in this state, as determined pursuant to subdivision **[**(5)**]** <u>(6)</u> of this subsection; (B) a business, trade, profession or occupation carried on in this state; (C) in the case of a shareholder of an S corporation, the ownership of shares issued by such corporation, to the extent determined under section 12-712; or (D) winnings from a wager placed in a lottery conducted by the Connecticut Lottery Corporation, if the proceeds from such wager are required, under the Internal Revenue Code or regulations adopted thereunder, to be reported by the Connecticut Lottery Corporation to the Internal Revenue Service.

<u>(2) (A) Before, on and after the effective date of this section, income from a business, trade, profession or occupation carried on in this state includes, but is not limited to, compensation paid to a nonresident natural person for rendering personal services as an employee in this state. For taxable years commencing on or after January 1, 2016, compensation for personal services rendered in this state by such nonresident employee who is present in this state for not more than fifteen days during a taxable year shall not constitute income derived from sources within this state. If a nonresident employee is present in</u>

this state for more than fifteen days during a taxable year, all compensation the employee receives for the rendering of all personal services in this state during the taxable year shall constitute income derived from sources within this state during the taxable year.

(B) For purposes of determining whether a nonresident employee is "present in this state" under subparagraph (A) of this subdivision, presence in this state for any part of a day constitutes being present in this state for that entire day unless such presence is solely for the purpose of transit through this state. The provisions of this subparagraph shall not apply to subsection (c) of this section or to any other provision of law unless expressly provided.

(C) The provisions of this subdivision shall not apply to sources of income from a business, trade, profession, or occupation carried on in this state other than compensation for personal services rendered by a nonresident employee, and shall not apply to sources of income derived by an athlete, entertainer or performing artist, including, but not limited to, a member of an athletic team.

[(2)**]** (3) Income from intangible personal property, including annuities, dividends, interest and gains from the disposition of intangible personal property, shall constitute income derived from sources within this state only to the extent that such income is from (A) property employed in a business, trade, profession or occupation carried on in this state, or (B) winnings from a wager placed in a lottery conducted by the Connecticut Lottery Corporation, if the proceeds from such wager are required, under the Internal Revenue Code or regulations adopted thereunder, to be reported by the Connecticut Lottery Corporation to the Internal Revenue Service.

[(3)**]** (4) Deductions with respect to capital losses and net operating losses shall be based solely on income, gain, loss and deduction derived from or connected with sources within this state, under regulations adopted by the commissioner, but otherwise shall be determined in the same manner as the corresponding federal deductions.

[(4)**]** (5) Income directly or indirectly derived by an athlete, entertainer or performing artist, including, but not limited to, a member of an athletic team, from closed-circuit and cable television transmissions of an event, other than events occurring on a regularly scheduled basis, taking place within this state as a result of the rendition of services by such athlete, entertainer or performing artist shall constitute income derived from or connected with sources within this state only to the extent that such transmissions were received or exhibited within this state.

[(5)**]** (6) For purposes of subparagraph (A) of subdivision (1) of this subsection, "real property in this state" includes an interest in an entity, and "entity" means a partnership, limited liability company or S corporation that owns real property that is located within this state and has a fair market value that equals or exceeds fifty per cent of all the assets of the entity on the date of sale or disposition by a nonresident natural person of such person's interest in the entity. Only those assets that the entity owned for at least two years prior to the date of the sale or disposition of the person's interest in the entity shall be used in determining the fair market value of all the assets of the entity on the date of such sale or disposition. The gain or loss derived from Connecticut sources from such person's sale or disposition of an interest in such entity is the total gain or loss for federal income tax purposes from such sale or disposition multiplied by a fraction, the numerator of which is the fair market value of all real property located in this state owned by the entity on the date of such sale or disposition, and the denominator of which is the fair market value of all the assets of the entity on the date of such sale or disposition.

(c) (1) If a business, trade, profession or occupation is carried on partly within and partly without this state, as determined under rules or regulations of the commissioner, the items of income, gain, loss and deduction derived from or connected with sources within this state shall be determined by apportionment under such rules or regulations and the provisions of this subsection.

(2) The proportion of the net amount of the items of income, gain, loss and deduction attributable to the activities of the business, trade, profession or occupation carried on in this state shall be determined by multiplying the net amount of the items of income, gain, loss and deduction of the business, trade, profession or occupation by the average of the percentages of property, payroll and gross income in this state. The gross income percentage shall be computed by dividing the gross receipts from sales of property or services earned within this state by the total gross receipts from sales of property or services, whether earned within or without this state. Gross receipts from sales of property are considered to be earned within this state when the property is delivered or shipped to a purchaser within this state, regardless of the F.O.B. point or other conditions of the sale. Gross receipts from sales of services are considered to be earned within **[**the**]** <u>this</u> state when the services are performed by an employee, agent, agency or independent contractor chiefly situated at, connected by contract or otherwise, with or sent out from, offices or branches of the business, trade, profession or occupation or other agencies or locations situated within this state.

(d) Compensation paid by the United States for active service in the armed forces of the United States, performed by an individual not domiciled in this state, shall not constitute income derived from sources within this state.

(e) If a husband and wife determine their federal income tax on a joint return but are required to determine their Connecticut income taxes separately, they shall determine their incomes derived from or connected with sources within this state separately as if their federal adjusted gross incomes had been determined separately.

(f) Any nonresident, other than a dealer holding property primarily for sale to customers in the ordinary course of his trade or business, shall not be deemed to carry on a trade, business, profession or occupation in this state solely by reason of the purchase or sale of intangible property or the purchase, sale or writing of stock option contracts, or both, for his own account.

Sec. 2. Subdivision (2) of subsection (b) of section 12-587 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to first sales made on or after December 1, 2015*):

(2) Gross earnings derived from the first sale of the following petroleum products within this state shall be exempt from tax: (A) Any petroleum products sold for exportation from this state for sale or use outside this state; (B) the product designated by the American Society for Testing and Materials as "Specification for Heating Oil D396-69", commonly known as number 2 heating oil, to be used exclusively for heating purposes or to be used in a commercial fishing vessel, which vessel qualifies for an exemption pursuant to section 12-412; (C) kerosene, commonly known as number 1 oil, to be used exclusively for heating purposes, provided delivery is of both number 1 and number 2 oil, and via a truck with a metered delivery ticket to a residential dwelling or to a centrally metered system serving a group of residential dwellings; (D) the product identified as propane gas, to be used **[**exclusively**]** primarily for heating purposes; (E) bunker fuel oil, intermediate fuel, marine diesel oil and marine gas oil to be used in any vessel (i) having a displacement exceeding four thousand dead weight tons, or (ii) primarily engaged in interstate commerce; (F) for any first sale occurring prior to July 1, 2008, propane gas to be used as a fuel for a motor vehicle; (G) for any first sale occurring on or after July 1, 2002, grade number 6 fuel oil, as defined in regulations adopted pursuant to section 16a-22c, to be used exclusively by a company which, in accordance with census data contained in the Standard Industrial Classification Manual, United States Office of Management and Budget, 1987 edition, is included in code classifications 2000 to 3999, inclusive, or in Sector 31, 32 or 33 in the North American Industrial Classification System United States Manual, United States

Office of Management and Budget, 1997 edition; (H) for any first sale occurring on or after July 1, 2002, number 2 heating oil to be used exclusively in a vessel primarily engaged in interstate commerce, which vessel qualifies for an exemption under section 12-412; (I) for any first sale occurring on or after July 1, 2000, paraffin or microcrystalline waxes; (J) for any first sale occurring prior to July 1, 2008, petroleum products to be used as a fuel for a fuel cell, as defined in subdivision (113) of section 12-412; (K) a commercial heating oil blend containing not less than ten per cent of alternative fuels derived from agricultural produce, food waste, waste vegetable oil or municipal solid waste, including, but not limited to, biodiesel or low sulfur dyed diesel fuel; (L) for any first sale occurring on or after July 1, 2007, diesel fuel other than diesel fuel to be used in an electric generating facility to generate electricity; (M) for any first sale occurring on or after July 1, 2013, cosmetic grade mineral oil; or (N) propane gas to be used as a fuel for a school bus.

Sec. 3. Section 12-217zz of the general statutes, as amended by section 88 of public act 15-244, is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Notwithstanding any other provision of law, and except as otherwise provided in subsection (b) of this section, the amount of tax credit or credits otherwise allowable against the tax imposed under this chapter shall be as follows:

(1) For any income year commencing on or after January 1, 2002, and prior to January 1, 2015, the amount of tax credit or credits otherwise allowable shall not exceed seventy per cent of the amount of tax due from such taxpayer under this chapter with respect to any such income year of the taxpayer prior to the application of such credit or credits;

(2) For any income year commencing on or after January 1, 2015, the amount of tax credit or credits otherwise allowable shall not exceed fifty and one one-hundredths per cent of the amount of tax due from

such taxpayer under this chapter with respect to any such income year of the taxpayer prior to the application of such credit or credits.

(3) Notwithstanding the provisions of subdivision (2) of this subsection, any taxpayer that possesses excess credits may utilize the excess credits as follows:

(A) For income years commencing on or after January 1, 2016, and prior to January 1, 2017, the aggregate amount of tax credits and excess credits allowable shall not exceed fifty-five per cent of the amount of tax due from such taxpayer under this chapter with respect to any such income year of the taxpayer prior to the application of such credit or credits;

(B) For income years commencing on or after January 1, 2017, and prior to January 1, 2018, the aggregate amount of tax credits and excess credits allowable shall not exceed sixty per cent of the amount of tax due from such taxpayer under this chapter with respect to any such income year of the taxpayer prior to the application of such credit or credits;

(C) For income years commencing on or after January 1, 2018, and prior to January 1, 2019, the aggregate amount of tax credits and excess credits allowable shall not exceed sixty-five per cent of the amount of tax due from such taxpayer under this chapter with respect to any such income year of the taxpayer prior to the application of such credit or credits;

(D) For income years commencing on or after January 1, 2019, the aggregate amount of tax credits and excess credits allowable shall not exceed seventy per cent of the amount of tax due from such taxpayer under this chapter with respect to any such income year of the taxpayer prior to the application of such credit or credits.

(4) For purposes of this subsection, "excess credits" means any remaining credits available under section 12-217j, 12-217n or 32-9t after tax credits are utilized in accordance with subdivision (2) of this

subsection.

(b) (1) For an income year commencing on or after January 1, 2011, and prior to January 1, 2013, the amount of tax credit or credits otherwise allowable against the tax imposed under this chapter for such income year may exceed the amount specified in subsection (a) of this section only by the amount computed under subparagraph (A) of subdivision (2) of this subsection, provided in no event may the amount of tax credit or credits otherwise allowable against the tax imposed under this chapter for such income year exceed one hundred per cent of the amount of tax due from such taxpayer under this chapter with respect to such income year of the taxpayer prior to the application of such credit or credits.

(2) (A) The taxpayer's average monthly net employee gain for an income year shall be multiplied by six thousand dollars.

(B) The taxpayer's average monthly net employee gain for an income year shall be computed as follows: For each month in the taxpayer's income year, the taxpayer shall subtract from the number of its employees in this state on the last day of such month the number of its employees in this state on the first day of its income year. The taxpayer shall total the differences for the twelve months in such income year, and such total, when divided by twelve, shall be the taxpayer's average monthly net employee gain for the income year. For purposes of this computation, only employees who are required to work at least thirty-five hours per week and only employees who were not employed in this state by a related person, as defined in section 12-217ii, within the twelve months prior to the first day of the income year may be taken into account in computing the number of employees.

(C) If the taxpayer's average monthly net employee gain is zero or less than zero, the taxpayer may not exceed the seventy per cent limit imposed under subsection (a) of this section.

Sec. 4. Subsection (c) of section 12-263b of the general statutes, as amended by section 89 of public act 15-244, is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to calendar quarters commencing on or after January 1, 2016*):

(c) Notwithstanding any other provision of law, for each calendar quarter commencing on or after July 1, 2015, and prior to January 1, 2016, the amount of tax credit or credits otherwise allowable against the [tax imposed under this chapter] taxes imposed under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, shall not exceed fifty and one one-hundredths per cent of the amount of tax due [from such hospital under this chapter] under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, with respect to such calendar quarter prior to the application of such credit or credits. For each calendar quarter commencing on or after January 1, 2016, and prior to January 1, 2017, the amount of tax credit or credits otherwise allowable against the taxes imposed under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, shall not exceed fifty-five per cent of the amount of tax due under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, with respect to such calendar quarter prior to the application of such credit or credits. For each calendar quarter commencing on or after January 1, 2017, and prior to January 1, 2018, the amount of tax credit or credits otherwise allowable against the taxes imposed under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, shall not exceed sixty per cent of the amount of tax due under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, with respect to such calendar quarter prior to the application of such credit or credits. For each calendar quarter commencing on or after January 1, 2018, and prior to January 1, 2019, the amount of tax credit or credits otherwise allowable against the taxes imposed under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, shall not exceed sixty-five per cent of the amount of tax due under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, with respect to such calendar quarter prior to the application of such credit or credits. For each calendar quarter commencing on or after January 1, 2019, the amount of tax credit or credits otherwise allowable against the taxes imposed under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, shall not exceed seventy per cent of the amount of tax due under sections 12-263a to 12-263e, inclusive, and section 172 of public act 15-244, as amended by public act 15-5 of the June special session, with respect to such calendar quarter prior to the application of such credit or credits.

Sec. 5. Section 139 of public act 15-244, as amended by sections 139, 142 and 143 of public act 15-5 of the June special session, is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016, and applicable to income years commencing on or after said date*):

(a) For purposes of this section, section 140 of **[**this act**]** public act 15-244 and chapter 208 of the general statutes, the combined group's net income shall be the aggregate net income or loss of each taxable member and nontaxable member of the combined group derived from a unitary business, which shall be determined as follows:

(1) For any member incorporated in the United States, included in a consolidated federal corporate income tax return and filing a federal corporate income tax return, the income to be included in calculating the combined group's net income shall be such member's gross income, less the deductions provided under section 12-217 of the general statutes, as amended by **[**this act**]** public act 15-244, as if the member were not consolidated for federal tax purposes.

(2) For any member not included in a consolidated federal corporate income tax return but required to file its own federal corporate income tax return, the income to be included in calculating the combined group's net income shall be such member's gross income, less the deductions provided under section 12-217 of the general statutes, as amended by **[**this act**]** public act 15-244, public act 15-5 of June special session and this act.

(3) For any member not incorporated in the United States, not included in a consolidated federal corporate income tax return and not required to file its own federal corporate income tax return, the income to be included in the combined group's net income shall be determined from a profit and loss statement that shall be prepared for each foreign branch or corporation in the currency in which the books of account of the branch or corporation are regularly maintained, adjusted to conform it to the accounting principles generally accepted in the United States for the presentation of such statements and further adjusted to take into account any book-tax differences required by federal or Connecticut law. The profit and loss statement of each such member of the combined group and the apportionment factors related thereto, whether United States or foreign, shall be translated into or from the currency in which the parent company maintains its books and records on any reasonable basis consistently applied on a year-to-year or entity-by-entity basis. Income shall be expressed in United States dollars. In lieu of these procedures and subject to the determination of the commissioner that the income to be reported reasonably approximates income as determined under chapter 208 of the general statutes and sections 139 to 141, inclusive, of public act 15-244, as amended by public act 15-5 of the June special session, income may be determined on any reasonable basis consistently applied on a year-to-year or entity-by-entity basis.

(4) (A) If the unitary business has income from an entity that is treated as a pass-through entity, the combined group's net income shall include its member's direct and indirect distributive share of the

pass-through entity's unitary business income.

(B) The distributive share of income received by a limited partner from an investment partnership shall not be considered to be derived from a unitary business unless the general partner of such investment partnership and such limited partner have common ownership. To the extent that the limited partner is otherwise carrying on or doing business in Connecticut, it shall apportion its distributive share of income from an investment partnership in accordance with subdivision (2) of subsection (g) of section 12-218 of the general statutes, as amended by this act. If the limited partner is not otherwise carrying on or doing business in Connecticut, its distributive share of income from an investment partnership is not subject to tax under this chapter.

(5) All dividends paid by one member to another member of the combined group shall be eliminated from the income of the recipient.

(6) **[**Except as otherwise provided by regulation, business income from an intercompany transaction among members of the same combined group shall be deferred in a manner similar to the deferral under 26 CFR 1.1502-13.**]** The principles set forth in the Treasury regulations promulgated under Section 1502 of the Internal Revenue Code, including the principles relating to deferrals, eliminations, and exclusions, shall apply to the extent consistent with the Connecticut combined group membership and combined unitary reporting principles. Upon the occurrence of either of the following events, deferred business income resulting from an intercompany transaction among members of a combined group shall be restored to the income of the seller and shall be included in the combined group's net income as if the seller had earned the income immediately before the event:

(A) The object of a deferred intercompany transaction is: (i) Resold by the buyer to an entity that is not a member of the combined group, (ii) resold by the buyer to an entity that is a member of the combined group for use outside the unitary business in which the buyer and seller are engaged, or (iii) converted by the buyer to a use outside the unitary business in which the buyer and seller are engaged; or

(B) The buyer and seller are no longer members of the same combined group, regardless of whether the members remain unitary.

(7) A charitable expense incurred by a member of a combined group shall, to the extent allowable as a deduction pursuant to Section 170 of the Internal Revenue Code, be subtracted first from the combined group's net income, subject to the income limitations of said section applied to the entire business income of the group. Any charitable deduction disallowed under the foregoing rule, but allowed as a carryover deduction in a subsequent year, shall be treated as originally incurred in the subsequent year by the same member and the rules of this section shall apply in the subsequent year in determining the allowable deduction for that year.

(8) Gain or loss from the sale or exchange of capital assets, property described by Section 1231(a)(3) of the Internal Revenue Code and property subject to an involuntary conversion shall be removed from the net income of each member of a combined group and shall be included in the combined group's net income as follows:

(A) For each class of gain or loss, whether short-term capital, long-term capital, Section 1231 of the Internal Revenue Code gain or loss, or gain or loss from involuntary conversions, all members' business gain and loss for the class shall be combined, without netting among such classes, and each class of net business gain or loss shall be apportioned to each member under subsection (b) of this section; and

(B) Any resulting income or loss apportioned to this state, as long as the loss is not subject to the limitations of Section 1211 of the Internal Revenue Code, of a taxable member produced by the application of subparagraph (A) of this subdivision shall then be applied to all other income or loss of that member apportioned to this state. Any resulting loss of a member apportioned to this state that is subject to the limitations of said Section 1211 shall be carried forward by that member and shall be treated as short-term capital loss apportioned to this state and incurred by that member for the year for which the carryover applies.

(9) Any expense of any member of the combined group that is directly or indirectly attributable to the income of any member of the combined group, which income this state is prohibited from taxing pursuant to the laws or Constitution of the United States, shall be disallowed as a deduction for purposes of determining the combined group's net income.

(b) A taxable member of a combined group shall determine its apportionment percentage as follows:

(1) Each taxable member shall determine its apportionment percentage based on the otherwise applicable apportionment formula provided in chapter 208 of the general statutes and sections 139 to 141, inclusive, of public act 15-244, as amended by public act 15-5 of the June special session. In computing its denominators for all factors, the taxable member shall use the combined group's denominator for that factor. In computing the numerator of its receipts factor, each taxable member shall add to such numerator its share of receipts of nontaxable members assignable to this state, as provided in subdivision (3) of this subsection.

(2) The combined group shall determine its property and payroll factor denominators using the factors from all members, whether or not a member would otherwise apportion its income using such property and payroll factors.

(3) Receipts assignable to this state of each nontaxable member shall be determined based upon the apportionment formula that would be applicable to such member if it were a taxable member and shall be aggregated. Each taxable member of the combined group shall include in the numerator of its receipts factor a portion of the aggregate

receipts assignable to this state of nontaxable members based on a ratio, the numerator of which is such taxable member's receipts assignable to this state, without regard to this subsection, and the denominator of which is the aggregate receipts assignable to this state of all the taxable members of the combined group, without regard to this subsection.

(4) In determining the numerator and denominator of the apportionment factors of taxable members, transactions between or among members of such combined group shall be eliminated.

(5) If any member of a combined group required to file a combined unitary tax return pursuant to section 12-222 of the general statutes, as amended by [this act] public act 15-244, is taxable without this state, or is a financial service company, as defined in section 12-218b of the general statutes, as amended by this act, each taxable member shall be entitled to apportion its net income in accordance with this section.

(c) To calculate each taxable member's net income or loss apportioned to this state, each taxable member shall apply its apportionment percentage, as determined pursuant to subsection (b) of this section, to the combined group's net income.

(d) After calculating its net income or loss apportioned to this state, pursuant to subsection (c) of this section, each taxable member of a combined group required to file a combined unitary tax return pursuant to section 12-222 of the general statutes, as amended by public act 15-244 and [this act] public act 15-5 of the June special session, may deduct a net operating loss from its net income apportioned to this state as follows:

(1) For income years beginning on or after January 1, 2016, if the computation of a combined group's net income results in a net operating loss, a taxable member of such group may carry over its net loss apportioned to this state, as calculated under subsection (c) of this section, derived from the unitary business in a future income year to

the extent that the carryover and deduction is otherwise consistent with subparagraph (A) of subdivision (4) of subsection (a) of section 12-217 of the general statutes, as amended by public act 15-244 and this act. Any taxable member that has more than one operating loss carryover shall apply the carryovers in the order that the operating loss was incurred, with the oldest carryover to be deducted first.

(2) Where a taxable member of a combined group has an operating loss carryover derived from a loss incurred by a combined group in an income year beginning on or after January 1, 2016, then the taxable member may share the operating loss carryover with other taxable members of the combined group if such other taxable members were members of the combined group in the income year that the loss was incurred. Any amount of operating loss carryover that is deducted by another taxable member of the combined group shall reduce the amount of operating loss carryover that may be carried over by the taxable member that originally incurred the loss.

(3) Where a taxable member of a combined group has an operating loss carryover derived from a loss incurred in an income year beginning prior to January 1, 2016, or derived from an income year during which the taxable member was not a member of such combined group, the carryover shall remain available to be deducted by that taxable member or other group members that, in the year the loss was incurred, were part of the same combined group as such taxable member under section 12-223a of the general statutes, as amended by public act 15-244 and [this act] public act 15-5 of the June special session, or same unitary group as such taxable member under subsection (d) of section 12-218d of the general statutes, revision of 1958, revised to January 1, 2015. Such carryover shall not be deductible by any other members of the combined group.

(e) Each taxable member shall multiply its income or loss apportioned to this state, as calculated under subsection (c) of this section and as further modified by subsection (d) of this section, by the tax rate set forth in section 12-214 of the general statutes, as amended by [this act] public act 15-244.

(f) The additional tax base of taxable and nontaxable members of a combined group required to file a combined unitary tax return pursuant to section 12-222 of the general statutes, as amended by [this act] public act 15-244, shall be calculated as follows:

(1) Except as otherwise provided in subdivision (2) of this subsection, members of the combined group shall calculate the combined group's additional tax base by aggregating their separate additional tax bases under subsection (a) of section 12-219 of the general statutes, provided (A) intercorporate stockholdings in the combined group shall be eliminated, [and provided] (B) no deduction shall be allowed under subparagraph (B)(ii) of subdivision (1) of subsection (a) of section 12-219 of the general statutes, for such intercorporate stockholdings, and (C) assets and liabilities attributable to transactions with another member of the combined group, including, but not limited to, a financial service company, as defined in section 12-218b of the general statutes, as amended by this act, shall be eliminated. In calculating the combined group's additional tax base, the separate additional tax bases of nontaxable members shall be included, as if those nontaxable members were taxable members. The amount calculated under this subdivision shall be apportioned to those members pursuant to subdivision (1) of subsection (g) of this section.

(2) [Taxable members] Members of the combined group that are financial service companies, as defined in section 12-218b of the general statutes, as amended by [this act] public act 15-244 and this act, [shall calculate their additional tax liability under subsection (d) of section 12-219 of the general statutes and] shall not be included in the calculation of the combined group's additional tax base set forth in subdivision (1) of this subsection. Financial service companies that are taxable members shall calculate their additional tax liability under subsection (d) of section 12-219 of the general statutes.

(g) A taxable member of a combined group required to file a combined unitary tax return pursuant to section 12-222 of the general statutes, as amended by [this act] <u>public act 15-244</u>, shall determine its apportionment percentage under section 12-219a of the general statutes, as amended by [this act] <u>public act 15-244</u>, as follows:

(1) A taxable member whose separate additional tax base is included in the calculation of the combined group's additional tax base under subdivision (1) of subsection (f) of this section shall apportion the combined group's additional tax base using the otherwise applicable apportionment formula provided in section 12-219a of the general statutes, as amended by [this act] <u>public act 15-244</u>. However, the denominator of such apportionment fraction shall be the sum of subdivisions (1) and (2) of subsection (a) of said section 12-219a for all members whose separate additional tax bases are included in the calculation of the combined group's additional tax base under subdivision (1) of subsection (f) of this section. The numerator of such apportionment fraction shall be the sum of subparagraph (A) of subdivision (1) of subsection (a) of said section 12-219a and subparagraph (A) of subdivision (2) of subsection (a) of said section 12-219a for such taxable member.

(2) Taxable members of the combined group that are financial service companies, as defined in section 12-218b of the general statutes, as amended by [this act] <u>public act 15-244 and this act</u>, shall each have an additional tax liability as described in subdivision (2) of subsection (h) of this section.

(h) (1) A taxable member whose separate additional tax base is included in the calculation of the combined group's additional tax base under subdivision (1) of subsection (f) of this section shall multiply the combined group's additional tax base, as calculated under subdivision (1) of subsection (f) of this section, by such member's apportionment fraction determined in subdivision (1) of subsection (g) of this section, by the tax rate set forth in subsection (a) of section 12-219 of the general statutes. In no event shall the aggregate tax so calculated for all members of the combined group exceed one million dollars, nor shall a tax credit allowed against the tax imposed by [this] chapter 208 of the general statutes and sections 139 to 141, inclusive, of public act 15-244 reduce a taxable member's tax calculated under this subsection to an amount less than two hundred fifty dollars.

(2) Taxable members of the combined group that are financial service companies, as defined in section 12-218b of the general statutes, as amended by [this act] public act 15-244 and this act, shall each have an additional tax liability of two hundred fifty dollars. In no event shall a tax credit allowed against the tax imposed by chapter 208 of the general statutes and sections 139 to 141, inclusive, of public act 15-244 reduce a financial service company's tax calculated under this subsection to an amount less than two hundred fifty dollars.

(3) To the extent that the aggregate amount of tax calculated on each taxable member's additional tax base exceeds one million dollars, each taxable member will prorate its tax, in proportion to the group's tax calculated without regard to the one-million-dollar cap, such that the group's aggregate additional tax equals one million dollars.

(i) If the aggregate amount of tax calculated on each taxable member's apportioned net income under subsection (e) of this section equals or exceeds the aggregate amount of tax calculated on each taxable member's apportioned additional tax base under subsection (h) of this section, each taxable member shall be subject to tax on its net income. If the aggregate amount of tax calculated on each taxable member's apportioned additional tax base under subsection (h) of this section exceeds the aggregate amount of tax calculated on each taxable member's apportioned net income under subsection (e) of this section, each taxable member shall be subject to tax on its additional tax base.

(j) (1) Each taxable member of a combined group required to file a combined unitary tax return pursuant to section 12-222 of the general statutes, as amended by public act 15-244 and [this act] public act 15-5 of the June special session, shall separately apply the provisions of sections 12-217ee and 12-217zz of the general statutes, as amended by public act 15-244 and this act, in determining the amount of tax credit available to such member.

(2) If a taxable member of a combined group earns a tax credit in an income year beginning on or after January 1, 2016, then the taxable member may share the credit with other taxable members of the combined group. Any amount of credit that is utilized by another taxable member of the combined group shall reduce the amount of credit carryover that may be carried over by the taxable member that originally earned the credit. If a taxable member of a combined group has a tax credit carryover derived from an income year beginning on or after January 1, 2016, then the taxable member may share the carryover credit with other taxable members of the combined group, if such other taxable members were members of the combined group in the income year in which the credit was earned.

(3) If a taxable member of a combined group has a tax credit carryover derived from an income year beginning prior to January 1, 2016, or derived from an income year during which the taxable member was not a member of such combined group, the credit carryover shall remain available to be utilized by such taxable member or other group members which, in the year the credit was earned, were part of the same combined group as such taxable member under section 12-223a of the general statutes, as amended by public act 15-244 and **[**this act**]** public act 15-5 of the June special session, or the same unitary group as such taxable member under subsection (d) of section 12-218d of the general statutes, revision of 1958, revised to January 1, 2015.

(4) To the extent a taxable member has more than one corporation business tax credit that it may utilize in an income year, whether such credits were earned by said member or are available to said member in accordance with subdivisions (2) and (3) of this subsection, the credits shall be claimed in the same order as provided in section 12-217aa of the general statutes.

(k) (1) In no event shall the tax calculated for a combined group on a combined unitary basis, prior to surtax and application of credits, exceed the nexus combined base tax described in subdivision (2) of this subsection by more than two million five hundred thousand dollars.

(2) (A) The nexus combined base tax equals the tax measured on the sum of the separate net income or loss of each taxable member or the minimum tax base of each taxable member as if such members were not required to file a combined unitary tax return, but only to the extent that such income, loss or minimum tax base of any taxable member is separately apportioned to Connecticut in accordance with the applicable provisions of section 12-218 of the general statutes, as amended by this act, 12-218b of the general statutes, as amended by this act, 12-219a of the general statutes or 12-244 of the general statutes. In computing such net income or loss, intercorporate dividends shall be eliminated, and in computing the combined additional tax base, intercorporate stockholdings shall be eliminated.

(B) In computing such net income or loss, any intangible expenses and costs, as defined in section 12-218c of the general statutes, any interest expenses and costs, as defined in section 12-218c of the general statutes, and any income attributable to such intangible expenses and costs or to such interest expenses and costs shall be eliminated, provided the corporation that is required to make adjustments under section 12-218c of the general statutes for such intangible expenses and costs or for such interest expenses and costs, and the related member or members, as defined in section 12-218c of the general statutes, are both taxable members of the combined group. If any such income and any such expenses and costs are eliminated as provided in this subparagraph, the intangible property, as defined in section 12-218c of the general statutes, of the corporation eliminating such income shall not be taken into account in apportioning under the provisions of section 12-219a of the general statutes the tax calculated under subsection (a) of section 12-219 of the general statutes of such corporation.

(C) In computing the apportionment fraction under this subdivision:

(i) Intercompany rents shall not be included in the computation of the value of property rented if the lessor and lessee are both taxable members in the combined unitary tax return; and

(ii) Intercompany business receipts, receipts by a taxable member included in a combined unitary tax return from any other taxable member included in such return, shall not be included.

Sec. 6. Subsections (a) and (b) of section 140 of public act 15-244, as amended by sections 139 and 144 of public act 15-5 of the June special session, are repealed and the following is substituted in lieu thereof (*Effective January 1, 2016, and applicable to income years commencing on or after said date*):

(a) For purposes of this section, "affiliated group" means an affiliated group as defined in Section 1504 of the Internal Revenue Code, except such affiliated group shall include all domestic corporations that are commonly owned, directly or indirectly, by any member of such affiliated group, without regard to whether the affiliated group includes (1) corporations included in more than one federal consolidated return, (2) corporations engaged in one or more unitary businesses, or (3) corporations that are not engaged in a unitary business with any other member of the affiliated group. Such affiliated group shall also include any member of the combined group, determined on a world-wide basis, incorporated in a tax haven as determined by the commissioner in accordance with subdivision **[**(5)**]** (4) of subsection (b) of this section, unless it is proven to the satisfaction of the commissioner that such member is incorporated in a tax haven for a legitimate business purpose.

(b) The designated taxable member of a combined group may elect to have the combined group determined on a world-wide basis or an affiliated group basis. If no such election is made, the combined group shall be determined on a water's-edge basis and will include only taxable members and those nontaxable members described in any one or more of the categories set forth in subdivisions (1) to **[**(4)**]** <u>(3)</u>, inclusive, of this subsection:

(1) Any member incorporated in the United States, or formed under the laws of the United States, any state, the District of Columbia, or any territory or possession of the United States, excluding such a member if eighty per cent or more of both its property and payroll during the income year are located outside the United States, the District of Columbia, and any territory or possession of the United States;

(2) Any member, wherever incorporated or formed, if twenty per cent or more of both its property and payroll during the income year are located in the United States, the District of Columbia, or any territory or possession of the United States; <u>or</u>

[(3) Any member that earns more than twenty per cent of its gross income, directly or indirectly, from intangible property or service-related activities, the costs of which generally are deductible for federal income tax purposes, whether currently or over a period of time, against the income of other members of the group, but only to the extent of that income and the apportionment factors related thereto; or**]**

[(4)**]** <u>(3)</u> Any member that is incorporated in a jurisdiction that is determined by the commissioner to be a tax haven as that term is defined in subdivision **[**(5)**]** <u>(4)</u> of this subsection, unless it is proven to the satisfaction of the commissioner that such member is incorporated in a tax haven for a legitimate business purpose.

[(5)**]** <u>(4)</u> For purposes of subsection (a) of this section and subdivision **[**(4)**]** <u>(3)</u> of this subsection, "tax haven" means a jurisdiction that (A) has laws or practices that prevent effective exchange of information for tax purposes with other governments on taxpayers benefiting from the tax regime; (B) has a tax regime which lacks transparency; (C) facilitates the establishment of foreign-owned entities without the need for a local substantive presence or prohibits these entities from having any commercial impact on the local economy; (D) explicitly or implicitly excludes the jurisdiction's resident taxpayers from taking advantage of the tax regime benefits or prohibits enterprises that benefit from the regime from operating in the jurisdiction's domestic market; or (E) has created a tax regime which is favorable for tax avoidance, based upon an overall assessment of relevant factors, including whether the jurisdiction has a significant untaxed offshore financial or services sector relative to its overall economy. **[**Not later than September 30, 2016, the commissioner shall publish a list of jurisdictions that the commissioner determines to be tax havens. The list shall be applicable to income years commencing on or after January 1, 2016, and shall remain in effect until superseded by the publication of a revised list by the commissioner.**]** "Tax haven" does not include a jurisdiction that has entered into a comprehensive income tax treaty with the United States, which the Secretary of the Treasury has determined is satisfactory for purposes of Section 1(h)(11)(C)(i)(II) of the Internal Revenue Code.

Sec. 7. Subdivision (4) of subsection (a) of section 12-217 of the general statutes, as amended by section 87 of public act 15-244 and section 482 of public act 15-5 of the June special session, is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(4) Notwithstanding any provision of this section to the contrary, (A) any excess of the deductions provided in this section for any income year commencing on or after January 1, 1973, over the gross income for such year or the amount of such excess apportioned to this state under the provisions of **[**section 12-218, as amended by this act**]** this chapter and sections 139 to 141, inclusive, of public act 15-244, as amended by public act 15-5 of the June special session, shall be an operating loss of such income year and shall be deductible as an operating loss carry-over for operating losses incurred prior to income years commencing January 1, 2000, in each of the five income years

following such loss year, and for operating losses incurred in income years commencing on or after January 1, 2000, in each of the twenty income years following such loss year, except that (i) for income years commencing prior to January 1, 2015, the portion of such operating loss which may be deducted as an operating loss carry-over in any income year following such loss year shall be limited to the lesser of (I) any net income greater than zero of such income year following such loss year, or in the case of a company entitled to apportion its net income under the provisions of **[**section 12-218, as amended by this act**]** <u>this chapter and sections 139 to 141, inclusive, of public act 15-244, as amended by public act 15-5 of the June special session</u>, the amount of such net income which is apportioned to this state pursuant thereto, or (II) the excess, if any, of such operating loss over the total of such net income for each of any prior income years following such loss year, such net income of each of such prior income years following such loss year for such purposes being computed without regard to any operating loss carry-over from such loss year allowed under this subparagraph and being regarded as not less than zero, and provided further the operating loss of any income year shall be deducted in any subsequent year, to the extent available for such deduction, before the operating loss of any subsequent income year is deducted, (ii) for income years commencing on or after January 1, 2015, the portion of such operating loss which may be deducted as an operating loss carry-over in any income year following such loss year shall be limited to the lesser of (I) fifty per cent of net income of such income year following such loss year, or in the case of a company entitled to apportion its net income under the provisions of **[**section 12-218, as amended by this act**]** <u>this chapter and sections 139 to 141, inclusive, of public act 15-244, as amended by public act 15-5 of the June special session</u>, fifty per cent of such net income which is apportioned to this state pursuant thereto, or (II) the excess, if any, of such operating loss over the operating loss deductions allowable with respect to such operating loss under this subparagraph for each of any prior income years following such loss year, such net income of each of such prior income years following such loss year for such purposes being computed without regard to any operating loss carry-over from such loss year allowed under this subparagraph and being regarded as not less than zero, and provided further the operating loss of any income year shall be deducted in any subsequent year, to the extent available for such deduction, before the operating loss of any subsequent income year is deducted, and (iii) if a combined group so elects, **[**the operating loss carry-over of said combined group, shall be limited to**]** the combined group shall relinquish fifty per cent of its unused operating losses incurred prior to the income year commencing on or after January 1, 2015, and before January 1, 2016, and may utilize the remaining operating loss carry-over without regard to the limitations prescribed in subparagraph (A)(ii) of this subdivision. The portion of such operating loss carry-over that may be deducted shall be limited to **[**net income greater than zero**]** the amount required to reduce a combined group's tax under this chapter and sections 139 to 141, inclusive, of public act 15-244, as amended by public act 15-5 of the June special session, prior to surtax and prior to the application of credits, to two million five hundred thousand dollars in any income year commencing on or after January 1, **[**2017**]** 2015. Only after the combined group's remaining operating loss carry-over for operating losses incurred prior to income years commencing January 1, 2015, has been fully utilized, will the limitations prescribed in subparagraph (A)(ii) of this subdivision apply. The combined group, or any member thereof, shall make such election on its return for the income year beginning on or after January 1, 2015, and before January 1, 2016, by the due date for such return, including any extensions. Only combined groups with unused operating losses in excess of six billion dollars from income years beginning prior to January 1, 2013, may make the election prescribed in this clause, and (B) any net capital loss, as defined in the Internal Revenue Code effective and in force on the last day of the income year, for any income year commencing on or after January 1, 1973, shall be allowed as a capital loss carry-over to reduce, but not below zero, any net capital gain, as so defined, in each of the five following income years, in order of sequence, to the extent not exhausted by the net capital gain of any of the preceding of such five following income years, and (C) any net capital losses allowed and carried forward from prior years to income years beginning on or after January 1, 1973, for federal income tax purposes by companies entitled to a deduction for dividends paid under the Internal Revenue Code other than companies subject to the gross earnings taxes imposed under chapters 211 and 212, shall be allowed as a capital loss carry-over.

Sec. 8. Section 12-216a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Any company that derives income from sources within this state and that has a substantial economic presence within this state, evidenced by a purposeful direction of business toward this state, examined in light of the frequency, quantity and systematic nature of a company's economic contacts with this state, without regard to physical presence, and to the extent permitted by the Constitution of the United States, shall be liable for the tax imposed under this chapter. Such company shall apportion its net income under the provisions of this chapter.

(b) <u>(1)</u> The provisions of subsection (a) of this section shall not apply to any company that is treated as a foreign corporation under the Internal Revenue Code and has no income effectively connected with a United States trade or business.

<u>(2)</u> To the extent that a company that is treated as a foreign corporation under the Internal Revenue Code has income effectively connected with a United States trade or business, such company's gross income, notwithstanding any provision of this chapter <u>and sections 139 to 141, inclusive, of public act 15-244, as amended by public act 15-5 of the June special session and this act</u>, shall be its income effectively connected with its United States trade or business. For net income tax apportionment purposes, only property used in, payroll attributable to and receipts effectively connected with such company's United States trade or business shall be considered for purposes of calculating such company's apportionment fraction.

"Income effectively connected with a United States trade or business" shall be determined in accordance with the provisions of the Internal Revenue Code. The provisions of this subdivision shall not apply to a foreign corporation that is included in a combined group that files a combined unitary tax return.

Sec. 9. Section 12-218 of the general statutes, as amended by section 149 of public act 15-244 and section 139 of public act 15-5 of the June special session, is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016, and applicable to income years commencing on or after January 1, 2016*):

(a) Any taxpayer which is taxable both within and without this state shall apportion its net income as provided in this section. For purposes of apportionment of income under this section, a taxpayer is taxable in another state if in such state such taxpayer conducts business and is subject to a net income tax, a franchise tax for the privilege of doing business, or a corporate stock tax, or if such state has jurisdiction to subject such taxpayer to such a tax, regardless of whether such state does, in fact, impose such a tax.

[(b) The net income of the taxpayer, when derived from business other than the manufacture, sale or use of tangible personal or real property, shall be apportioned within and without the state by means of an apportionment fraction, the numerator of which shall represent the gross receipts from business carried on within Connecticut and the denominator shall represent the gross receipts from business carried on everywhere, except that any gross receipts attributable to an international banking facility, as defined in section 12-217, shall not be included in the numerator or the denominator. Gross receipts as used in this subsection has the same meaning as used in subdivision (3) of subsection (c) of this section.]

[(c)] (b) Except as otherwise provided in [subsection (k) or (l) of this section] this chapter and sections 139 to 141, inclusive, of public act 15-244, on and after January 1, 2016, the net income of the taxpayer [when derived from the manufacture, sale or use of tangible personal or real property,**]** shall be apportioned within and without the state by means of an apportionment fraction. **[**, to be computed as the sum of the property factor, the payroll factor and twice the receipts factor, divided by four. (1) The first of these fractions, the property factor, shall represent that part of the average monthly net book value of the total tangible property held and owned by the taxpayer during the income year which is held within the state, without deduction on account of any encumbrance thereon, and the value of tangible property rented to the taxpayer computed by multiplying the gross rents payable during the income year or period by eight. For the purpose of this section, gross rents shall be the actual sum of money or other consideration payable, directly or indirectly, by the taxpayer or for its benefit for the use or possession of the property, excluding royalties, but including interest, taxes, insurance, repairs or any other amount required to be paid by the terms of a lease or other arrangement and a proportionate part of the cost of any improvement to the real property made by or on behalf of the taxpayer which reverts to the owner or lessor upon termination of a lease or other arrangement, based on the unexpired term of the lease commencing with the date the improvement is completed, provided, where a building is erected on leased land by or on behalf of the taxpayer, the value of the land is determined by multiplying the gross rent by eight, and the value of the building is determined in the same manner as if owned by the taxpayer. (2) The second fraction, the payroll factor, shall represent the part of the total wages, salaries and other compensation to employees paid by the taxpayer during the income year which was paid in this state, excluding any such wages, salaries or other compensation attributable to the production of gross income of an international banking facility as defined in section 12-217. Compensation is paid in this state if (A) the individual's service is performed entirely within the state; or (B) the individual's service is performed both within and without the state, but the service performed without the state is incidental to the individual's service within the state; or (C) some of the service is performed in the state and (i) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the state, or (ii) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state. (3) The third fraction, the receipts factor,] The apportionment fraction shall represent the part of the taxpayer's gross receipts from sales or other sources during the income year, computed according to the method of accounting used in the computation of its entire net income, which is assignable to the state, and excluding any gross receipts attributable to an international banking facility as defined in section 12-217, as amended by [this act] public act 15-244 and this act, but including receipts from sales of tangible property if the property is delivered or shipped to a purchaser within this state, other than a company which qualifies as a Domestic International Sales Corporation (DISC) as defined in Section 992 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, and as to which a valid election under Subsection (b) of said Section 992 to be treated as a DISC is effective, regardless of the f.o.b. point or other conditions of the sale, receipts from services performed within the state, rentals and royalties from properties situated within the state, royalties from the use of patents or copyrights within the state, interest managed or controlled within the state, net gains from the sale or other disposition of intangible assets managed or controlled within the state, net gains from the sale or other disposition of tangible assets situated within the state and all other receipts earned within the state.

[(d)] (c) Any motor bus company which is taxable both within and without this state shall apportion its net income derived from carrying of passengers for hire by means of an apportionment fraction, the numerator of which shall represent the total number of miles operated within this state and the denominator of which shall represent the total number of miles operated everywhere, but income derived by motor bus companies from sources other than the carrying of passengers for hire shall be apportioned as herein otherwise provided.

[(e)**]** <u>(d)</u> Any motor carrier which transports property for hire and which is taxable both within and without this state shall apportion its net income derived from carrying of property for hire by means of an apportionment fraction, the numerator of which shall represent the total number of miles operated within this state and the denominator of which shall represent the total number of miles operated everywhere, but income derived by motor carriers from sources other than the carrying of property for hire shall be apportioned as herein otherwise provided.

[(f)**]** <u>(e)</u> (1) Each taxpayer that provides management, distribution or administrative services, as defined in this subsection, to or on behalf of a regulated investment company, as defined in Section 851 of the Internal Revenue Code shall apportion its net income derived, directly or indirectly, from providing management, distribution or administrative services to or on behalf of a regulated investment company, including net income received directly or indirectly from trustees, and sponsors or participants of employee benefit plans which have accounts in a regulated investment company, in the manner provided in this subsection. Income derived by such taxpayer from sources other than the providing of management, distribution or administrative services to or on behalf of a regulated investment company shall be apportioned as provided in this chapter.

(2) The numerator of the apportionment fraction shall consist of the sum of the Connecticut receipts, as described in subdivision (3) of this subsection. The denominator of the apportionment fraction shall consist of the total receipts from the sale of management, distribution or administrative services to or on behalf of all the regulated investment companies. For purposes of this subsection, "receipts" means receipts computed according to the method of accounting used by the taxpayer in the computation of net income.

(3) For purposes of this subsection, Connecticut receipts shall be determined by multiplying receipts from the rendering of management, distribution or administrative services to or on behalf of

each separate regulated investment company by a fraction (A) the numerator of which shall be the average of (i) the number of shares on the first day of such regulated investment company's taxable year, for federal income tax purposes, which ends within or at the same time as the taxable year of the taxpayer, that are owned by shareholders of such regulated investment company then domiciled in this state and (ii) the number of shares on the last day of such regulated investment company's taxable year, for federal income tax purposes, which ends within or at the same time as the taxable year of the taxpayer, that are owned by shareholders of such regulated investment company then domiciled in this state; and (B) the denominator of which shall be the average of the number of shares that are owned by shareholders of such regulated investment company on such dates.

(4) (A) For purposes of this subsection, "management services" includes, but is not limited to, the rendering of investment advice directly or indirectly to a regulated investment company, making determinations as to when sales and purchases of securities are to be made on behalf of the regulated investment company, or the selling or purchasing of securities constituting assets of a regulated investment company, and related activities, but only where such activity or activities are performed (i) pursuant to a contract with the regulated investment company entered into pursuant to 15 USC 80a-15(a), as from time to time amended, (ii) for a person that has entered into such contract with the regulated investment company, or (iii) for a person that is affiliated with a person that has entered into such contract with a regulated investment company.

(B) For purposes of this subsection, "distribution services" includes, but is not limited to, the services of advertising, servicing, marketing or selling shares of a regulated investment company, but, in the case of advertising, servicing or marketing shares, only where such service is performed by a person that is, or, in the case of a closed end company, was, either engaged in the service of selling such shares or affiliated with a person that is engaged in the service of selling such shares. In the case of an open end company, such service of selling shares shall be performed pursuant to a contract entered into pursuant to 15 USC 80a-15(b), as from time to time amended.

(C) For purposes of this subsection, "administrative services" includes, but is not limited to, clerical, fund or shareholder accounting, participant record keeping, transfer agency, bookkeeping, data processing, custodial, internal auditing, legal and tax services performed for a regulated investment company but only if the provider of such service or services during the income year in which such service or services are provided also provides, or is affiliated with a person that provides, management or distribution services to such regulated investment company.

(D) For purposes of this subsection, a person is "affiliated" with another person if each person is a member of the same affiliated group, as defined under Section 1504 of the Internal Revenue Code without regard to subsection (b) of said section.

(E) For purposes of this subsection, the domicile of a shareholder shall be presumed to be such shareholder's mailing address as shown in the records of the regulated investment company except that for purposes of this subsection, if the shareholder of record is an insurance company which holds the shares of the regulated investment company as depositor for the benefit of a separate account, then the taxpayer may elect to treat as the shareholders the contract owners or policyholders of the contracts or policies supported by such separate account. An election made under this subparagraph shall apply to all shareholders that are insurance companies and shall be irrevocable for, and applicable for, five successive income years. In any year that such an election is applicable, it shall be presumed that the domicile of a shareholder is the mailing address of the contract owner or policyholder as shown in the records of the insurance company.

[(g)**]** (f) (1) Each taxpayer that provides securities brokerage services, as defined in this subsection, shall apportion its net income derived, directly or indirectly, from rendering securities brokerage services in the manner provided in this subsection. Income derived by such taxpayer from sources other than the rendering of securities brokerage services shall be apportioned as provided in this chapter.

(2) The numerator of the apportionment fraction shall consist of the brokerage commissions and total margin interest paid on behalf of brokerage accounts owned by the taxpayer's customers who are domiciled in this state during such taxpayer's income year, computed according to the method of accounting used in the computation of net income. The denominator of the apportionment fraction shall consist of brokerage commissions and total margin interest paid on behalf of brokerage accounts owned by all of the taxpayer's customers, wherever domiciled, during such taxpayer's income year, computed according to the method of accounting used in the computation of net income.

(3) For purposes of this subsection:

(A) "Security brokerage services" means services and activities including all aspects of the purchasing and selling of securities rendered by a broker, as defined in 15 USC 78c(a)(4) and registered under the provisions of 15 USC 78a to 78kk, inclusive, as from time to time amended, to effectuate transactions in securities for the account of others, and a dealer, as defined in 15 USC 78c(a)(5) and registered under the provisions of 15 USC 78a to 78kk, inclusive, as from time to time amended, to buy and sell securities, through a broker or otherwise. Security brokerage services shall not include services rendered by any person buying or selling securities for such person's own account, either individually or in some fiduciary capacity, but not as part of a regular business carried on by such person.

(B) "Securities" means security, as defined in 15 USC 78c(a)(10), as from time to time amended.

(C) "Brokerage commission" means all compensation received for effecting purchases and sales for the account or on order of others, whether in a principal or agency transaction, and whether charged explicitly or implicitly as a fee, commission, spread, markup or otherwise.

(4) For purposes of this subsection, the domicile of a customer shall be presumed to be such customer's mailing address as shown in the records of the taxpayer.

[(h)**]** (g) (1) Any company that is (A) a limited partner in a partnership, other than an investment partnership, that does business, owns or leases property or maintains an office within this state and (B) not otherwise carrying on or doing business in this state shall pay the tax imposed under section 12-214 as amended by **[**this act**]** public act 15-244, solely on its distributive share as a partner of the income or loss of such partnership to the extent such income or loss is derived from or connected with sources within this state, except that, if the commissioner determines that the company and the partnership are, in substance, parts of a unitary business engaged in a single business enterprise or if the company is a member of a combined group that files a combined unitary tax return, the company shall be taxed in accordance with the provisions of subdivision (3) of this subsection and not in accordance with the provisions of this subdivision, provided, in lieu of the payment of tax based solely on its distributive share, such company may elect for any particular income year, on or before the due date or, if applicable the extended due date, of its corporation business tax return for such income year, to apportion its net income within and without the state under the provisions of this chapter.

(2) Any company that is (A) a limited partner (i) in an investment partnership or (ii) in a limited partnership, other than an investment partnership, that does business, owns or leases property or maintains an office within this state and (B) otherwise carrying on or doing business in this state shall apportion its net income, including its distributive share as a partner of such partnership income or loss,

within and without the state under the provisions of this chapter, except that the numerator and the denominator of its [payroll factor, property factor, and receipts factor] apportionment fraction shall include its proportionate part, as a partner, of the numerator and the denominator of such partnership's [payroll factor, property factor and receipts factor, respectively] apportionment fraction. For purposes of this section, such partnership shall compute its apportionment fraction and the numerator and the denominator of its [payroll factor, property factor and receipts factor,] apportionment fraction as if it were a company taxable both within and without this state.

(3) Any company that is a general partner in a partnership that does business, owns or leases property or maintains an office within this state shall, whether or not it is otherwise carrying on or doing business in this state, apportion its net income, including its distributive share as a partner of such partnership income or loss, within and without the state under the provisions of this chapter, except that the numerator and the denominator of its [payroll factor, property factor and receipts factor] apportionment fraction shall include its proportionate part, as a partner, of the numerator and the denominator of such partnership's [payroll factor, property factor and receipts factor, respectively] apportionment fraction. For purposes of this section, such partnership shall compute its apportionment fraction and the numerator and the denominator of its [payroll factor, property factor and receipts factor,] apportionment fraction as if it were a company taxable both within and without this state.

[(i)] (h) The provisions of this section shall not apply to insurance companies.

[(j)] (i) (1) Any financial service company as defined in section 12-218b, as amended by [this act] public act 15-244, that has net income derived from credit card activities, as defined in this subsection, shall apportion its net income derived from credit card activities in the manner provided in this subsection. Income derived by such taxpayer from sources other than credit card activities shall be apportioned as provided in this chapter.

(2) The numerator of the apportionment fraction shall consist of the Connecticut receipts, as described in subdivision (3) of this subsection. The denominator of the apportionment fraction shall consist of (A) the total amount of interest and fees or penalties in the nature of interest from credit card receivables, (B) receipts from fees charged to card holders, including, but not limited to, annual fees, irrespective of the billing address of the card holder, (C) net gains from the sale of credit card receivables, irrespective of the billing address of the card holder, and (D) all credit card issuer's reimbursement fees, irrespective of the billing address of the card holder.

(3) For purposes of this subsection, "Connecticut receipts" shall be determined by adding (A) interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to card holders, including, but not limited to, annual fees, where the billing address of the card holder is in this state and (B) the product of (i) the sum of net gains from the sale of credit card receivables and all credit card issuer's reimbursement fees multiplied by (ii) a fraction, the numerator of which shall be interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to card holders, including, but not limited to, annual fees, where the billing address of the card holder is in this state, and the denominator of which shall be the total amount of interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to card holders, including, but not limited to, annual fees, irrespective of the billing address of the card holder.

(4) For purposes of this subsection:

(A) "Credit card" means a credit, travel, or entertainment card;

(B) "Receipts" means receipts computed according to the method of accounting used by the taxpayer in the computation of net income;

(C) "Credit card issuer's reimbursement fee" means the fee that a taxpayer receives from a merchant's bank because one of the persons to whom the taxpayer or a related person, as defined in section 12-218b, as amended by [this act] public act 15-244, has issued a credit card has charged merchandise or services to the credit card;

(D) "Net income derived from credit card activities" means (i) interest and fees or penalties in the nature of interest from credit card receivables and receipts from fees charged to card holders, including, but not limited to, annual fees, net gains from the sale of credit card receivables, credit card issuer's reimbursement fees, and credit card receivables servicing fees received in connection with credit cards issued by the taxpayer or a related person, as defined in section 12-218b, as amended by [this act] public act 15-244, less (ii) expenses related to such income, to the extent deductible under this chapter;

(E) "Billing address" shall be presumed to be the location indicated in the books and records of the taxpayer as the address where any notice, statement or bill relating to a card holder is to be mailed, as of the date of such mailing; and

(F) "Credit card activities" means those activities involving the underwriting and approval of credit card relationships or other business activities generally associated with the conduct of business by an issuer of credit cards from which it derives income.

(5) The Commissioner of Revenue Services may adopt regulations, in accordance with chapter 54, to permit a financial service company that is an owner of a financial asset securitization investment trust, as defined in Section 860H(a) of the Internal Revenue Code, to elect to apportion its share of the net income from credit card activities carried on by such trust, and to provide rules for apportioning such share of net income that are consistent with this subsection.

[(k)] (j) (1) For income years commencing on or after January 1, 2001, the net income of a taxpayer which is primarily engaged in activities that, in accordance with the North American Industrial Classification

System, United States Manual, United States Office of Management and Budget, 1997 edition, would be included in Sector 31, 32 or 33, shall be apportioned within and without the state by means of the apportionment fraction described in subdivision (2) of this subsection provided, in the income year commencing on January 1, 2001, each such taxpayer shall not take such apportionment fraction into account for purposes of installment payments on estimated tax under section 12-242d, as amended by [this act] public act 15-244, for calendar quarters ending prior to July 1, 2001, but shall make such payments in accordance with the apportionment fraction applicable to the income year commencing January 1, 2000.

(2) The [numerator of the apportionment fraction shall consist of the taxpayer's gross receipts, as described in subdivision (3) of subsection (c) of this section, which are assignable to the state, as provided in subdivision (3) of subsection (c) of this section. The denominator of the apportionment fraction shall consist of the taxpayer's total gross receipts, as described in subdivision (3) of subsection (c) of this section, whether or not assignable to the state] apportionment fraction of a taxpayer described in subdivision (1) of this subsection shall be the apportionment fraction calculated under subsection (b) of this section.

(3) (A) Any taxpayer which is described in subdivision (1) of this subsection and seventy-five per cent or more of whose total gross receipts, as described in [subdivision (3) of subsection (c)] subsection (b) of this section, during the income year are from the sale of tangible personal property directly, or in the case of a subcontractor, indirectly, to the United States government may elect, on or before the due date or, if applicable, the extended due date, of its corporation business tax return for the income year, to apportion its net income within and without the state by means of the apportionment fraction described in [subsection (c) of this section] subparagraph (B) of this subdivision. The election, if made by the taxpayer, shall be irrevocable for, and applicable for, five successive income years.

(B) The net income of the taxpayer making an election under subdivision (3) of subparagraph (A) of this subsection shall be apportioned within and without the state by means of an apportionment fraction, to be computed as the sum of the property factor, the payroll factor and twice the receipts factor, divided by four. (i) The first of these fractions, the property factor, shall represent that part of the average monthly net book value of the total tangible property held and owned by the taxpayer during the income year which is held within the state, without deduction on account of any encumbrance thereon, and the value of tangible property rented to the taxpayer computed by multiplying the gross rents payable during the income year or period by eight. For the purpose of this section, gross rents shall be the actual sum of money or other consideration payable, directly or indirectly, by the taxpayer or for its benefit for the use or possession of the property, excluding royalties, but including interest, taxes, insurance, repairs or any other amount required to be paid by the terms of a lease or other arrangement and a proportionate part of the cost of any improvement to the real property made by or on behalf of the taxpayer which reverts to the owner or lessor upon termination of a lease or other arrangement, based on the unexpired term of the lease commencing with the date the improvement is completed, provided, where a building is erected on leased land by or on behalf of the taxpayer, the value of the land is determined by multiplying the gross rent by eight, and the value of the building is determined in the same manner as if owned by the taxpayer. (ii) The second fraction, the payroll factor, shall represent the part of the total wages, salaries and other compensation to employees paid by the taxpayer during the income year which was paid in this state, excluding any such wages, salaries or other compensation attributable to the production of gross income of an international banking facility as defined in section 12-217, as amended by this act. Compensation is paid in this state if (I) the individual's service is performed entirely within the state; or (II) the individual's service is performed both within and without the state, but the service performed without the state is incidental to the individual's service within the state; or (III) some of the service is performed in the state and the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the state, or the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state. (iii) The third fraction, the receipts factor, shall represent the part of the taxpayer's gross receipts from sales or other sources during the income year, computed according to the method of accounting used in the computation of its entire net income, which is assignable to the state, and excluding any gross receipts attributable to an international banking facility as defined in section 12-217, as amended by this act, but including receipts from sales of tangible property if the property is delivered or shipped to a purchaser within this state, other than a company which qualifies as a Domestic International Sales Corporation (DISC) as defined in Section 992 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, and as to which a valid election under Subsection (b) of said Section 992 to be treated as a DISC is effective, regardless of the f.o.b. point or other conditions of the sale, receipts from services performed within the state, rentals and royalties from properties situated within the state, royalties from the use of patents or copyrights within the state, interest managed or controlled within the state, net gains from the sale or other disposition of intangible assets managed or controlled within the state, net gains from the sale or other disposition of tangible assets situated within the state and all other receipts earned within the state.

[(l)**]** (k) (1) For income years commencing on or after October 1, 2001, any broadcaster which is taxable both within and without this state shall apportion its net income derived from the broadcast of video or audio programming, whether through the public airwaves, by cable, by direct or indirect satellite transmission or by any other means of communication, through an over-the-air television or radio network, through a television or radio station or through a cable network or cable television system and, if such broadcaster is a cable network, all net income derived from activities related to or arising out of the foregoing, including, but not limited to, broadcasting, entertainment, publishing, whether electronically or in print, electronic commerce and licensing of intellectual property created in the pursuit of such activities, by means of the apportionment fraction described in subdivision (3) of this subsection, and any eligible production entity which is taxable both within and without this state shall apportion its net income derived from video or audio programming production services by means of the apportionment fraction described in subdivision (4) of this subsection.

(2) For purposes of this subsection:

(A) "Video or audio programming" means any and all performances, events or productions, including without limitation news, sporting events, plays, stories and other entertainment, literary, commercial, educational or artistic works, telecast or otherwise made available for video or audio exhibition through live transmission or through the use of video tape, disc or any other type of format or medium;

(B) A "subscriber" to a cable television system is an individual residence or other outlet which is the ultimate recipient of the transmission;

(C) "Telecast" or "broadcast" means the transmission of video or audio programming by an electronic or other signal conducted by radiowaves or microwaves, by wires, lines, coaxial cables, wave guides or fiber optics, by satellite transmissions directly or indirectly to viewers or listeners or by any other means of communication;

(D) "Eligible production entity" means a corporation which provides video or audio programming production services and which is affiliated, within the meaning of Sections 1501 to 1504 of the Internal Revenue Code and the regulations promulgated thereunder, with a broadcaster;

(E) "Release" or "in release" means the placing of video or audio programming into service. A video or audio program is placed into service when it is first broadcast to the primary audience for which the program was created. For example, video programming is placed in service when it is first publicly telecast for entertainment, educational, commercial, artistic or other purpose. Each episode of a television or radio series is placed in service when it is first broadcast; and

(F) "Broadcaster" means a corporation that is engaged in the business of broadcasting video or audio programming, whether through the public airwaves, by cable, by direct or indirect satellite transmission or by any other means of communication, through an over-the-air television or radio network, through a television or radio station or through a cable network or cable television system, and that is primarily engaged in activities that, in accordance with the North American Industry Classification System, United States Manual, 1997 edition, are included in industry group 5131 or 5132.

(3) (A) Except as provided in subparagraph (B) of this subdivision with respect to the determination of the apportionment fraction for net income derived from the activities referred to in subdivision (1) of subsection [(l)] (k) of this section, the numerator of the apportionment fraction for a broadcaster shall consist of the broadcaster's gross receipts, as described in [subdivision (3) of subsection (c)] subsection (b) of this section, which are assignable to the state, as provided in [subdivision (3) of subsection (c)] subsection (b) of this section. Except as provided in subparagraph (C) of this subdivision with respect to the determination of the apportionment fraction for the net income derived from the activities referred to in subdivision (1) of subsection [(l)] (k) of this section, the denominator of the apportionment fraction for a broadcaster shall consist of the broadcaster's total gross receipts, as described in [subdivision (3) of subsection (c)] subsection (b) of this section, whether or not assignable to the state.

(B) The numerator of the apportionment fraction for a broadcaster shall include the gross receipts of the taxpayer from sources within this state determined as follows:

(i) Gross receipts, including without limitation, advertising revenue, affiliate fees and subscriber fees, received by a broadcaster from video or audio programming in release to or by a broadcaster for telecast which is attributed to this state.

(ii) Gross receipts, including without limitation, advertising revenue, received by an over-the-air television or radio network or a television or radio station from video or audio programming in release to or by such network or station for telecast shall be attributed to this state in the same ratio that the audience for such over-the-air network or station located in this state bears to the total audience for such over-the-air network or station inside and outside of the United States. For purposes of this subparagraph, the audience shall be determined either by reference to the books and records of the taxpayer or by reference to the applicable year's published rating statistics, provided the method used by the taxpayer is consistently used from year to year for such purpose and fairly represents the taxpayer's activity in the state.

(iii) Gross receipts including, without limitation, advertising revenue, affiliate fees and subscriber fees, received by a cable network or a cable television system from video or audio programming in release to or by such cable network or cable television system for telecast and other receipts that are derived from the activities referred to in subdivision (1) of this subsection shall be attributed to this state in the same ratio that the number of subscribers for such cable network or cable television system located in this state bears to the total of such subscribers of such cable network or cable television system inside and outside of the United States. For purpose of this subparagraph, the number of subscribers of a cable network shall be measured by reference to the number of subscribers of cable television systems that are affiliated with such network and that receive video or audio programming of such network. For purposes of this subparagraph, the number of subscribers of a cable television system shall be determined either by reference to the books and records of the taxpayer or by reference to the applicable year's published rating statistics located in published surveys, provided the method used by the taxpayer is consistently used from year to year for such purpose and fairly represents the taxpayer's activities in the state.

(C) The denominator of the apportionment fraction of a broadcaster shall include gross receipts of the broadcaster that are derived from the activities referred to in subdivision (1) of subsection **[**(l)**]** (k) of this section, whether or not assignable to the state.

(4) (A) Except as provided in subparagraph (B) of this subdivision, with respect to the determination of the apportionment fraction for net income derived from video or audio programming production services, the numerator of the apportionment fraction for an eligible production entity shall consist of the eligible production entity's gross receipts, as described in **[**subdivision (3) of subsection (c)**]** subsection (b) of this section, which are assignable to the state, as provided in **[**subdivision (3) of subsection (c)**]** subsection (b) of this section. Except as provided in subparagraph (C) of this subdivision, with respect to the determination of the apportionment fraction for net income derived from video or audio programming production services, the denominator of the apportionment fraction for an eligible production entity shall consist of the eligible production entity's total gross receipts, as described in **[**subdivision (3) of subsection (c)**]** subsection (b) of this section, whether or not assignable to the state.

(B) The numerator of the apportionment fraction for an eligible production entity shall include gross receipts of the entity that are derived from video or audio programming production services relating to events which occur within this state.

(C) The denominator of the apportionment fraction for an eligible production entity shall include gross receipts of the entity that are derived from video or audio programming production services relating to events which occur within or without this state.

[(m)**]** (l) Each taxable member of a combined group required to file a combined unitary tax return pursuant to section 12-222, as amended by [this act] public act 15-244, shall, if one or more members of such group are taxable without this state, apportion its net income as provided in subsections (b) and (c) of section 139 of [this act] public act 15-244.

Sec. 10. Section 12-217o of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016*):

There shall be allowed as a credit against the tax imposed on any corporation under this chapter with respect to any taxable year of such corporation commencing on or after January 1, 1997, (1) that has more than two hundred fifty full-time, permanent employees but not more than eight hundred full-time, permanent employees whose wages, salaries or other compensation is paid in this state, as the phrase is used in subsection [(c)] (b) of section 12-218, as amended by this act, an amount equal to five per cent of the amount spent by the corporation on machinery and equipment acquired for and installed in a facility in this state, which amount exceeds the amount spent by such corporation during the preceding income year of the corporation for such expenditures or (2) that has not more than two hundred fifty full-time, permanent employees whose wages, salaries or other compensation is paid in this state, as the phrase is used in subsection [(c)] (b) of section 12-218, as amended by this act, an amount equal to ten per cent of the amount spent by the corporation on machinery and equipment acquired for and installed in a facility in this state, which amount exceeds the amount spent by such corporation during the preceding income year of the corporation for such expenditures. In addition, any amount spent (1) by a corporation whose income year, for federal income tax purposes, commences on the first day of January, February, March, April or May, (2) on machinery and equipment acquired for and installed in a facility in this state, (3) during that portion of its income year in 1995 that expired on May 31, 1995, shall be deemed to have been spent during its income year commencing in 1997 and shall be added to any amount actually spent on machinery and equipment acquired for and installed in a facility in this state during its income year commencing in 1997, provided the credit percentage to which such corporation shall be entitled for its income year commencing in 1997 shall be based on the number of full-time, permanent employees during its income year commencing in 1997.

Sec. 11. Subparagraph (J) of subdivision (6) of subsection (a) of section 12-218b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016*):

(J) (i) Any company, other than an insurance company or a real estate broker, which derives fifty per cent or more of its gross income from one or more of the following sources or activities: Loans; letters of credit and acceptance of drafts; underwriting, purchase, placement, sale or brokerage of securities, commodities contracts or other financial instruments or contracts on its own account or for the account of others; exchanges, exchange clearinghouses and other services allied with the exchange of securities or commodities contracts; investment advisory or management services; investment banking services, corporate trust and escrow services; securities information processing; securities and financial rating agency services; transfer agent, clearing agent, securities custodial and depository services; securities exchange or quotation services; any of the services described in subsection **[**(f)**]** (e) of section 12-218, as amended by this act; any of the services described in subsection **[**(g)**]** (f) of section 12-218, as amended by this act; management, distribution or administrative services to or on behalf of an investment entity; management, distribution or administrative services to or on behalf of pension funds or retirement accounts; leasing or acting as an agent, broker or adviser in connection with leasing real and personal property that is the functional equivalent of an extension of credit and that transfers substantially all of the benefits and risks incident to the ownership of property, including any direct financing lease or leverage lease that meets the criteria of Financial Accounting Standards Board Statement No. 13, "Accounting for Leases" or any other lease that is accounted for as a financing by a lessor under generally accepted accounting principles; activities of a Morris plan company; credit card activities; third party insurance administration services, claim administration services, claim adjusting services, premium billing and collection services, or employee benefit plan administration services; insurance underwriting or policy issuance services; actuarial services; trust company services; financial planning services; insurance brokerage services; or risk management services;

Sec. 12. Subsection (k) of section 12-218b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016*):

(k) This section shall not apply to net income from services or activities described in subsection **[**(f), (g) or (j)**]** (e), (f) or (i) of section 12-218, as amended by this act, which income shall be apportioned in accordance with said subsection **[**(f), (g) or (j)**]** (e), (f) or (i), whether or not the taxpayer is taxable outside this state, or, for income years commencing prior to January 1, 2002, in the case of net income from activities described in said subsection **[**(j)**]** (i) that is earned by a taxpayer that is either not eligible to make the election described in said subsection **[**(j)**]** (i) or does not make the election described in said subsection **[**(j)**]** (i) which income shall be apportioned in accordance with subsection (b) of said section 12-218, as amended by this act.

Sec. 13. Subsection (a) of section 12-219b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016*):

(a) With respect to the taxation under this chapter in income years commencing on or after January 1, 1996, of a company's distributive share as a partner of partnership income or loss in all partnerships in which it is or may become a partner, a company may, on or before the due date, or, if applicable, the extended due date, of its corporation business tax return for its income year beginning during 1996, make an election, on its corporation business tax return for such income year, not to have the provisions of subsection [(e)] (g) of section 12-218, as amended by this act, and subsection (b) of section 12-219a apply. Except as otherwise provided by subsection (b) of this section, the election shall be irrevocable.

Sec. 14. Subdivision (27) of subsection (a) of section 12-407 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016*):

(27) "Community antenna television service" means (A) the one-way transmission to subscribers of video programming or information by cable, fiber optics, satellite, microwave or any other means, and subscriber interaction, if any, which is required for the selection of such video programming or information, and (B) noncable communications service, as defined in section 16-1, unless such noncable communications service is purchased by a cable network as that term is used in subsection [(l)] (k) of section 12-218, as amended by this act.

Sec. 15. Section 52-557q of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2016*):

No claim for damages shall be made against a broadcaster, as defined in subsection [(l)] (k) of section 12-218, as amended by this act, or an outdoor advertising establishment, as described in the United States Department of Labor Standard Industrial Classification System Code 7312, that, pursuant to a voluntary program between broadcasters and law enforcement agencies, or between law enforcement agencies and outdoor advertising establishments, broadcasts or disseminates an emergency alert and information provided by a law enforcement agency concerning the abduction of a child, including, but not limited to, a description of the abducted child, a description of the suspected abductor and the circumstances of the abduction. Nothing in this section shall be construed to (1) limit or restrict in any way any legal protection a broadcaster or outdoor advertising establishment may have under any other law for broadcasting, outdoor advertising or otherwise disseminating any information, or (2) relieve a law enforcement agency from acting reasonably in providing information to the broadcaster or outdoor advertising establishment.

Sec. 16. Section 12-412k of the general statutes is repealed. (*Effective January 1, 2016, and applicable to sales occurring on or after said date*)"

This act shall take effect as follows and shall amend the following sections:		
Section 1	*from passage and applicable to taxable years commencing on or after January 1, 2016*	12-711
Sec. 2	*from passage and applicable to first sales made on or after December 1, 2015*	12-587(b)(2)
Sec. 3	*from passage*	12-217zz
Sec. 4	*from passage and applicable to calendar quarters commencing on or after January 1, 2016*	12-263b(c)
Sec. 5	*January 1, 2016, and applicable to income years commencing on or after said date*	PA 15-244, Sec. 139
Sec. 6	*January 1, 2016, and applicable to income years commencing on or after said date*	PA 15-244, Sec. 140(a) and (b)
Sec. 7	*from passage*	12-217(a)(4)
Sec. 8	*from passage*	12-216a
Sec. 9	*January 1, 2016, and applicable to income years commencing on or after January 1, 2016*	12-218
Sec. 10	*January 1, 2016*	12-217o
Sec. 11	*January 1, 2016*	12-218b(a)(6)(J)

Sec. 12	*January 1, 2016*	12-218b(k)
Sec. 13	*January 1, 2016*	12-219b(a)
Sec. 14	*January 1, 2016*	12-407(a)(27)
Sec. 15	*January 1, 2016*	52-557q
Sec. 16	*January 1, 2016, and applicable to sales occurring on or after said date*	Repealer section